

BILL NO. 70 2007

AN ORDINANCE

AN ORDINANCE AMENDING THE CITY OF READING CODIFIED ORDINANCES CHAPTER 1, SECTION 6 - POLICE PENSION FUND, BY PROVIDING A DEFINITION FOR MILITARY SERVICE AND CLARIFICATION ON THE PURCHASE OF MILITARY TIME FOR NONINTERVENING MEMBERS AND ADDING CHANGES PURSUANT TO AN COLLECTIVE BARGAINING AGREEMENT EFFECTIVE JANUARY 1, 2007.

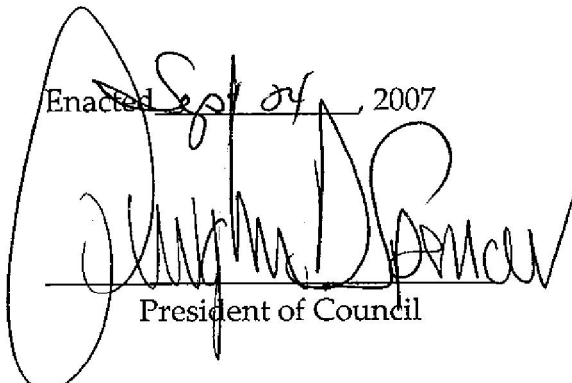
THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

SECTION 1: Amending the City of Reading Codified Ordinances – Chapter 1, Section 6 – Police Pension Fund, by providing a definition of Military Service and clarifying the purchase of Military Time for Non-intervening members in the attached Exhibit.

SECTION 2. All remaining sections and paragraphs of this Part shall remain in effect as before.

SECTION 3: This ordinance shall become effective within ten (10) days of the date of passage and approval by the Mayor.

Enacted Sept 24, 2007



President of Council

Attest:



City Clerk

(Solicitor & Council Staff)

I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 24th day of Sept, A. D. 20 07. Witness my hand and seal of the said City this 28th day of Sept, A. D. 20 07.



CITY CLERK

PART 6 PENSIONS

A. Police Pension Fund.

§1-601. Definitions.

The following words and phrases, unless a different meaning is plainly required by the context, shall have the following meaning:

BOARD - the Police Pension Fund Association Board to which reference is made in

§1-602.

CITY - the City of Reading, Pennsylvania.

D.R.O.P. - Deferred Retirement Option Plan.

D.R.O.P. ACCOUNT - separate account created to accept D.R.O.P. participant's monthly pension check while an employee is a D.R.O.P. participant.

EMPLOYEE - a person in the service of the City as a member of the police force.

FUND - the Police Pension Fund.

HE - the masculine or feminine pronouns where appropriate.

MILITARY SERVICE - Honorable active service in the uniformed services listed below is considered military service for pension purposes:

- Army;
- Navy;
- Air Force;
- Marine Corps;
- Coast Guard;
- Reserve Corps

NEW EMPLOYEE - an employee who enters the service of the City on or after January 1, 1977.

NEW MEMBER - an employee who is a member of the retirement system on or after January 1, 1977.

PENSION BENEFITS - the financial allowances provided to members pursuant to the provisions of this Part.

PERSON - an officer or employee of the City.

PRESENT EMPLOYEE - an employee in the service of the City prior to January 1, 1997.

PRESENT MEMBER - an employee who is a member of the retirement system prior to January 1, 1977.

RATE OF MONTHLY PAY - one-twelfth of the base pay as set forth in the salary ordinance, in effect as of date of retirement, adopted pursuant to a collective bargaining agreement and/or Act 111 arbitration plus, 1/12th of longevity pay plus 1/12th of holiday pay the member is entitled to for the calendar year.

SALARY - the base pay as set forth in the salary ordinance adopted pursuant to a collective bargaining agreement and/or Act 111 arbitration and shall not include any other compensation.

YEARS or WHOLE YEARS - for the purposes of computing the period of time during which a member has been employed by the City, each 12-month period commencing from the date of employment of a member.

YEARS ON RETIREMENT - the number of whole years that a police officer or a firefighter has been retired as of January 1, 2001.

(*Ord. 6-2000, 5/8/2000, §1; as amended by Ord. 47-2002, 9/9/2002, §1; and by Ord. 29-2003, 9/8/2003, §1*)

§1-602. Police Pension Fund Association.

1. There is hereby created a board to be known as the "Police Pension Fund Association Board," consisting of:

A. The Mayor or his designee.

B. The City Auditor, formerly known as the City Controller.

C. The Director of Finance, formerly known as Director of Accounts and Finance.

D. The Chief of Police.

E. One retiree member of the system to be elected by the members of the retirement system.

F. One active police person to be chosen by members of the retirement system.

2. The representatives chosen by the members shall be elected for terms of 4 years. The terms of the members of the board shall run concurrently with the term of the Mayor.

3. A vacancy occurring during the term of the representatives elected by the members of the retirement system shall be filled for the unexpired term by members of the retirement system.

4. Board members shall serve without compensation.

5. It shall be the duty of the board to register all members and to administer the collection and distribution of the fund herein provided for and to make such reasonable rules and regulations as the board may deem necessary in order to effectuate the provisions to a responsible institution experienced in administering the collection, distribution and investment of pension funds, but in such event the board shall require any such institution to provide the board with written reports of its activities relating to the fund at least once every 6 months.

(*Ord. 6-2000, 5/8/2000, §2*)

§1-603. Duties of the Director of Human Resources.

1. It shall be the duty of the Director of Human Resources of the City to submit to the board statements showing the name, sex, title, compensation, duties, date of birth and date of full-time employment of a person who is eligible for membership in the retirement system. Such statement shall be submitted to the board within 30 days from the date any such person is employed or elected to a position with the City.

2. In addition, it shall be the duty of the Director of Human Resources to submit to the

board through the Pension Administrator, a statement providing years of full-time service, date of termination, total contributions to the fund by each employee and compensation for the highest 5 years of the employment of any such terminated individual.

(Ord. 6-2000, 5/8/2000, §3)

§1-604. Contributions to Fund.

1. Each member shall contribute to the fund an amount equal to 5% of his salary or wages plus \$1 per month. Effective January 1, 2007, said mandatory member contribution to the fund shall increase to 6.5% of his base salary plus \$1.00 per month.
2. Contributions to the fund shall be made by the City deducting the same from the salary or wages of the member and paying said deductions to the fund.

§1-605. Right of Members to Pension Benefits and Amount of Pension Benefits.

1. Normal Retirement Benefits.

A. All members of the retirement system shall, effective January 1, 1999, be eligible for normal retirement upon having completed 20 years of service, without regard to age. Effective January 1, 2007, all bargaining unit members may retire with 20 years of service (YOS) at a 60% payout, 21 YOS at a 62% payout, 22 YOS at a 64% payout, 23 YOS at a 66% payout, 24 YOS at a 68% payout, and 25 YOS at a 70% payout. Effective January 1, 2008, all bargaining unit members shall be required to retire upon the completion of thirty (30) years of service.

B. During the lifetime of any retired member, such member shall be entitled to receive annually from the fund, as pension benefit, a sum equal to 50% of the amount which would constitute the highest average annual salary or wages which he earned during any five calendar years of his service for the City, or which would be determined by the rate of the monthly pay of such member at a date of retirement, whichever is the higher. Pension benefits shall be paid monthly, in advance, in accordance with and subject to the conditions hereinafter set forth. Effective January 1, 2007, notwithstanding anything to the contrary stated herein, during the lifetime of any retired member, such member shall be entitled to retire with 20 years of service (YOS) at a 60% payout, 21 YOS at a 62% payout, 22 YOS at a 64% payout, 23 YOS at a 66% payout, 24 YOS at a 68% payout, and 25 YOS at a 70% payout.

C. In addition to the pension benefits which are authorized to be paid in accordance with the previous subsection, each member who may become entitled to pension benefits shall also become entitled to the payment of a service increment in accordance with and subject to the conditions hereinafter set forth:

(1) Service increments shall be the sum obtained by computing the number of whole years a member shall have continued as a paid City employee after having served in the employment of the City for a period of 20 years and multiplying the number of years so computed by an amount equal to 1/40 of the pension benefit which becomes payable to such member in accordance with the provisions of this Part 6A. In computing the service

increment, no employment after the member has reached the age of 65 years shall be included. The maximum service increment pension shall be \$500 per month.

2. Members Entitled to Reduced Retirement Benefits. Any member who ceases to be employed by the City for any reason prior to completing the minimum required period for continuous service, but after having completed 12 years of full-time service shall be entitled upon retirement to receive benefits in accordance with subsection (3) of this Section.

3. Computation of Reduced Retirement Benefits. Should a member of the Police Pension Fund cease to be employed as a full-time employee for any reason prior to completing the minimum period of continuous service requirement, but after completing 12 years of full-time service, the member shall be entitled to cease his or her employment and vest his or her retirement benefit computed under §1-605, subject to the following conditions:

- A. The member must file with the Management Board of the Police Pension Fund a written notice of his or her intention to vest.
- B. The member must include in the notice, the date the member intends to terminate his or her service as a full-time employee.
- C. The termination date shall be at least 30 days later than the date of notice to vest.
- D. The member must be in good standing with the Police Department on the date of notice to vest.
- E. The board shall indicate on the notice to vest the rate of the monthly pay of the member as of the date of said notice to vest or the highest average annual salary which the member received during any 5 years of service preceding said date, whichever is higher.
- F. Upon reaching the date which would have been the member's retirement date had the member continued his or her full-time employment with the Police Department, the member shall notify the board, in writing, that the member desires to collect his or her pension. The amount of retirement benefits the member is entitled to receive under this Section shall be computed as follows:
 - (1) The initial determination of the member's base retirement benefits shall be computed on the salary indicated on the notice to vest.
 - (2) The portion of the base retirement due the member shall be determined by applying to the base amount the percentage that his or her years of service actually rendered bears to the years of service which would have been rendered had the member continued to be employed by the department until his or minimum retirement date.

(Ord. 6-2000, 5/8/2000, §5)

§1-606. Right to Refund of Contributions in Lieu of Receipt of Pension Benefit.

Any member who becomes entitled to pension benefits in accordance with the provisions of §1-605 may elect to obtain a refund of all his contributions without interest rather than to receive the pension benefits provided for in any of said Sections. Such election must be made in writing to the board prior to the date on which a pension payment is made to the member.

(Ord. 6-2000, 5/8/2000, §6)

§1-607. Termination of Employment of Members Prior to Being Entitled to Pension Benefits.

Any member who has been in the service of the City for a period of less than 20 years and whose service shall terminate prior to he or his spouse or children becoming eligible for a pension shall be paid the total amount of the contributions paid into the fund by him and without interest.

(Ord. 6-2000, 5/8/2000, §7)

§1-608. Permanent Disability Pension.

Any member who becomes totally disabled as a result of injury or illness in the line of duty or, if not in the line of duty, after he shall have completed 10 years of service, shall be entitled to full pension benefits during such disability. Any member who becomes totally disabled not as a result of injury or illness in the line of duty and shall not have completed 10 years of service shall be entitled to a pension of ½ the full pension. Proof of such disability shall consist of the sworn statement of three practicing physicians, designated by the board, that the member is in a condition of health which totally disables him from performing the duties of his position or office or of any other gainful employment within the police force of the City to which he may be assigned. Any such member receiving pension benefits shall thereafter be subject to physical examination at any reasonable time or times, upon order of the board, and upon his refusal to submit to any such examination, his pension shall cease.

(Ord. 6-2000, 5/8/2000, §8)

§1-609. Widow or Widowers and Children of Members.

The widow or widower of a member who has retired on pension hereunder, or if not retired has completed 10 years of service, shall be entitled to full pension benefits. The widow or widower of a member who has not completed 10 years of service shall be entitled to a pension of ½ the full pension. However, the widow or widower of a member who has been killed in service, regardless of his or her years of service shall be entitled to receive full pension benefits. Such pension shall be payable so long as such widow or widower survives and upon such death such pension shall be divided equally among the children of the member under the age of 18 years. Such pension shall cease on the later date of:

- A. The death of the widow or widower.
- B. The eighteenth birthday of the youngest child.

(Ord. 6-2000, 5/8/2000, §9)

§1-610. Computation of Time of Service.

1. Except as set forth in subsection (2) of this Section, the time of service for determining whether a member is eligible for pension benefits under the provisions of this Part 6A shall be computed from the date on which a person becomes a member of the Police Pension Fund. If, after becoming a member, a person leaves the service of the City and is subsequently re-employed, for purposes of determining eligibility for benefits, his time

of service shall be computed from the date on which he last became a member of the fund except as provided for in subsection (2), hereof.

2. A member who has or shall terminate his service in the police force of the City and has been re-employed as a member of the police force shall be entitled to credit for prior service in determining his eligibility for pension benefits under the following circumstances:

A. Such member shall be entitled to a credit for prior service if he has repaid to the fund any contributions which he withdrew from the fund upon leaving the service of the City. The extent of prior service for which such member shall be entitled to a credit shall be based on the length of time during which such member originally paid the contributions which he withdrew and which he repaid.

(Ord. 6-2000, 5/8/2000, §10)

§1-611. Receipt and Investment of Funds; Payment.

1. It shall be the duty of the board to receive, retain, invest and reinvest the fund created by virtue of this Part 6A and to pay over by warrant or check the amount due to members or their widows or widowers or their estates or children. The board, with the approval of the Director of Finance of the City, may enter into agreements with reputable institutions to perform any of the aforesaid duties but in the event the board does so, any such agreement shall require the institutions involved to provide the board with written reports concerning its activities at least once every 6 months. The compensation of such institutions shall be paid by the Police Pension Fund or such pay or as is designated by applicable law.

2. The City shall contribute to the fund an amount sufficient to meet the requirements of the fund and such amount shall not be less than subsection (A), nor more than subsection (B).

A. An amount equal to 1/2% of all City taxes levied by the City, other than taxes levied to pay interest on or to extinguish the debt of the City or any part thereof, plus such additional amounts as are actuarially necessary to provide for the cost of pensions paid to widows, widowers and children of members.

B. An amount equal to 3% of all City taxes levied by the City other than taxes levied to pay interest on or to extinguish the debt of the City or any part thereof, plus such additional amounts as are actuarially necessary to provide for the cost of pensions paid to widows, widowers and children of members.

The City may take by gift, grant, devise or bequest any money or property, real, personal or mixed, for the benefit of this fund. The board shall enter into such agreements for the care, management and disposal of such funds, subject to the directions, not inconsistent therewith, as may be prescribed by the donors.

(Ord. 6-2000, 5/8/2000, §11)

3. Effective January 1, 2007, notwithstanding anything the contrary provided herein, the City shall guarantee placement of funds to make the current police pension solvent to accommodate the increase in benefit. Said fund amount shall be determined and agreed upon by both the City and FOP.

§1-612. Exemption from Attachment or Execution; Nonassignability.

The pension benefits and service increments herein provided for shall not be subject to attachment or execution and shall be payable only to the person designated by this Part 6A, and shall not be the subject of assignment or transfer.

(Ord. 6-2000, 5/8/2000, §12)

§1-613. Payment to Estate.

In the event that any member dies prior to becoming entitled to any pension benefits hereunder, and leaves no widow or widower or children eligible for benefits hereunder, the amount of contributions paid by him which remain in the fund without interest shall be paid to the following parties in the order designated:

A. To the estate of the member.

B. To a person entitled to the contributions in accordance with the interstate laws of the Commonwealth of Pennsylvania.

(Ord. 6-2000, 5/8/2000, §13)

§1-614. Military Service.

1. **Intervening.** Any member who enters active duty in the Armed Forces of the United States at a time when he is a member of the fund shall have his years of active duty in the military service, not to exceed a total of 5, credited to his retirement; provided, that:

A. He receives an honorable discharge, certificate of satisfactory service or the equivalent thereof, and produces same to the board.

B. He is re-employed by the City within 90 days of such discharge or within such longer period as his re-employment rights are protected by law.

C. He shall pay into the fund the amount which he would have been obligated to pay during the period of his military service, but not to exceed a total of 5 years, if he had been an active employee of the City, which amount shall be based on his last salary or wages as a City employee.

2. **Nonintervening.** Any member who has not retired and who served in the Armed Forces of the United States subsequent to September 1, 1940, and was not a member of the fund prior to such military service, shall be entitled to have full credit for each year or fraction thereof, to the completed month, not to exceed 5 years under the following conditions:

A. He shall pay to the pension fund, ~~within 90 days of the effective date of this Part 6A,~~ an amount equal to the total of (1) and (2) below:

(1) An amount equivalent to the pension contribution of Patrol Trainee for the first year, Patrolman I for the second year, Patrolman 2 for the third year and Patrolman 3 for the fourth and fifth years during the years the military time was credited; and

(2) An amount equivalent to 15.7 % of such salary representing the City's normal contribution to the fund, as computed under the most recent actuarial valuation.

B. A member who has not completed payment, either through payroll deduction or by any other payment method, of his entire amount required under the previous subsections by the time ~~permitted therein~~ **the letter of resignation or retirement is filed the member** shall not be permitted to receive credit for such nonintervening military service. Any partial payment made by him on or prior to the final date shall be refunded to him.
(Ord. 6-2000, 5/8/2000, §14)

§1-614.1 Police Service.

Any member who has not retired shall be entitled to have full credit (consistent with the Military Buy Back standard) for each year or fraction thereof, to the completed month, not to exceed five (5) years under the following conditions:

A. **(1) He shall pay the buyback rate based upon his first year of hire;**

(2) Buyback may be made at any time prior to retirement (installment payment plans shall be allowed and implemented) but current retirement standards shall apply.

§1-615. Increases in Allowances Following Retirement.

1. On or after the effective date of this Section, pension benefits shall be increased to those members who have previously retired only upon the action of Council and only if the actuarial status of the funding of the Police Pension Fund Association is such that sufficient provision is made to provide for the accrual of normal cost of future service benefits and of interest on unfunded accrued liabilities.

2. Police Pension Fund shall pay a retired police officer a special ad hoc postretirement adjustment if all of the following apply:

A. The retiree has terminated active employment with the City of Reading as a police officer.

B. The retiree is receiving a retirement benefit from the City of Reading on the basis of active employment with the City as a police officer.

C. The retiree began receiving the retirement benefit before January 1, 1996.

3. Except as provided in subsections (4) and (5), the Police Pension Fund shall pay a retired police officer a monthly special ad hoc postretirement adjustment under this Section that shall be calculated as follows:

A. The base adjustment shall be determined by multiplying 15 cents by the years of service and then multiplying that product by the years on retirement.

B. The longevity factor shall be determined as the sum of the products calculated by multiplying 0.025 by the years on retirement and 0.05 by the years on retirement in excess of 25, if any.

C. The longevity adjustment shall be determined by multiplying the base adjustment calculated under subsection (3)(A) by the longevity factor calculated under

subsection (3)(B).

D. The special ad hoc postretirement adjustment payable under this section shall be the sum of the base adjustment calculated under subsection (3)(A) and the longevity adjustment calculated under subsection (3)(C).

4. Limitation. If, a retiree is entitled to be paid a special ad hoc postretirement adjustment by more than one municipal retirement system, the amount of the special ad hoc postretirement adjustment under subsection (3) shall be reduced so that the total of all these adjustments paid to the retiree does not exceed the amount specified in subsection (3).

5. Modification in the Amount of 2002 Special Ad Hoc Postretirement Adjustment. The amount of the special ad hoc postretirement adjustment calculated under subsection (3) shall be reduced annually by 65% of the total amount of any postretirement adjustments provided to the retiree under the municipal retirement plan after December 31, 1988, and before January 1, 2002, and paid in the immediately preceding year.

6. The special ad hoc postretirement adjustment under this Section is effective on the date of the first retirement benefit made after June 30, 2002. If the special ad hoc postretirement adjustment under this Section is not included in the initial retirement benefit payment occurring after June 30, 2002, the special ad hoc postretirement adjustment shall be included as soon as practicable in the retirement benefit payment of the retiree, and the initial retirement benefit payment that includes the special ad hoc postretirement adjustment also shall include the total amount of the special ad hoc postretirement adjustments previously omitted from the retirement benefit payments made after June 30, 2002.

(Ord. 6-2000, 5/8/2000, §15; as amended by Ord. 47-2002, 9/9/2002, §2)

§1-616. Deferred Retirement Option Program (D.R.O.P.).

1. Eligibility. Effective January 1, 2001, members of the Reading Police Department, that have not retired prior to the implementation of the D.R.O.P. program, may enter into the D.R.O.P. on the first day of any month following completion of 20 years of credited service.

2. Written Election. A member of the Police Department electing to participate in the D.R.O.P. must complete and execute a "drop option form" prepared by the City of Reading, Department of Human Resources, which shall evidence the member's participation in the D.R.O.P. The form must be signed by the member and notarized and submitted to the City of Reading, Department of Human Resources, prior to the date on which the member wishes the D.R.O.P. option to be effective. The D.R.O.P. option notice shall include an irrevocable notice to the City, by the member, that the member shall resign from employment with the City of Reading Police Department effective on a specific date not more than sixty (60) months from the effective date of the D.R.O.P. option. In addition, all retirement documents required by the Police Pension Board Administrator must be filed and presented to the Pension Board for approval of retirement and payment of pension. Once a retirement application has been approved by the Police Pension Board it is irrevocable.

3. Limitation on Pension Accrual. After the effective date of the D.R.O.P. option, the

member shall no longer earn or accrue additional years of continuous service for pension purposes.

4. Benefit Calculation. For all Retirement Fund purposes, continuous service of a member participating in the D.R.O.P. shall remain as it existed on the effective date of commencement of participation in the D.R.O.P. Service thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Reading Police Pension Fund. The average monthly pay of the member for pension calculation purposes shall remain as it existed on the effective date of commencement of participation in the D.R.O.P. Earnings or increases in earnings thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Pension Fund. The pension benefit payable to the members shall increase only as a result of cost of living adjustments in effect on the effective date of the member's participation in the D.R.O.P., or by applicable cost of living adjustments granted thereafter.

5. Payments to D.R.O.P. Account. The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a normal retirement benefit shall, upon the member commencing participation in the D.R.O.P., be paid into the separate account established to receive the participant's monthly pension payments. This account shall be designated the Deferred Retirement Option Plan account.

6. Payout. Upon the termination date set forth in the member's drop option notice or, such date as the member withdraws or is terminated from the D.R.O.P. program the retirement benefits payable to the member or the member's beneficiary, if applicable, shall be paid to the member or beneficiary and shall no longer be paid to the member's deferred retirement option account. Within thirty (30) days following termination of a member's employment pursuant to their participating in the D.R.O.P. program, the balances in the member's deferred retirement option account shall be paid to the member in the single lump sum payment, or at the member's option, in any fashion permitted by law.

7. Disability During D.R.O.P. If a member becomes temporarily disabled during his participation in D.R.O.P., his participation freezes and the time period while on disability does not count towards the five (5) year participation limit. Upon return to duty, membership in D.R.O.P. shall resume, continuing with the remaining time left in the 5-year membership period. The member shall receive disability pay in the same amount as disabled police officers that are not participating in D.R.O.P. In no event shall a member on temporary disability have the ability to draw from his D.R.O.P. account. However, notwithstanding any other provisions in this subsection, if an officer is disabled and has not returned to work as of the date of his required resignation, then such resignation shall take precedence over all other provisions herein and said officer shall be required to resign.

8. Death. If a D.R.O.P. member dies before the D.R.O.P. account balances are paid, the participant member's legal beneficiary shall have the same rights as the member to withdraw the account balance.


9. Amendment. Any amendments to the D.R.O.P Ordinance shall be consistent with the provisions covering deferred retirement option plans set forth in any applicable

collective bargaining agreement and shall be binding upon all future D.R.O.P. participants and upon all D.R.O.P. participants who have balances in their deferred retirement option accounts.

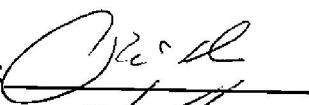
(*Ord. 6-2000, 5/8/2000; as added by Ord. 29-2003, 9/8/2003, §2*)

MAYOR'S ACTION

Bill No. 70-2007

Submitted to Mayor: 
Date: 9.25.07

Received by Mayor's Office: MA
Date: 9.25.07

Approved by Mayor: 
Date: 9/25/07

Vetoed by Mayor: _____
Date: _____

Sustained by Council: _____
Date: _____

Overridden by Council: _____
Date: _____